OREGON BUSINESS REVIEW

BUREAU OF BUSINESS RESEARCH, SCHOOL OF BUSINESS ADMINISTRATION
UNIVERSITY OF OREGON, EUGENE, OREGON
WESLEY C. BALLAINE, EDITOR

FILE COPY
Bureau of Business and

VOL. VI, NO. 6 JUNE 1947

DAMS THREATEN WEST COAST FISHERIES INDUSTRY*

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Some of the plans of the dam builders, if completed, will completely ruin for all time some of the richest fishery resources of this nation. The principal streams concerned are the Sacramento in California, the Rogue in Oregon, and the Columbia with its principal tributaries in Washington, Oregon, and Idaho. The construction of Bonneville and Grand Coulee dams on the Columbia River and Shasta Dam on the upper Sacramento River in California began a new era of potential ruin from the standpoint of fisheries.

We in fisheries frequently hear the engineers complain that biologists cannot agree among themselves on the best ways and means of protecting anadromous fish runs blocked by dams. They say that we "hem" and we "haw" and can never agree. There is good reason for this. Until Grand Coulee Dam was built on the upper Columbia, fishery biologists had never been called upon to answer problems of the magnitude of those presented by Coulee. At Coulee a major backbone stream was completely blocked, and there was no previous experience upon which to formulate a plan. After the steam shovels had started work, somebody remembered that there were steelhead and chinook and sockeye salmon that would be blocked, and something ought to be done to save them if possible. The fish men of the state of Washington and the Federal government went to work, studied the problem, made field surveys, and came up with a plan they hoped might work; but they weren't sure.

In essence, the plan called for trapping the adult salmon on their return migration at Rock Island Dam below Grand Coulee, and moving them bodily in tank trucks to open tributaries that enter the Columbia below Grand Coulee. They were also trucked to a mammoth hatchery on the Wenatchee River for holding, ripening, and egg taking. In other words, fish that normally would have passed the site of Coulee Dam were transferred to waters below the dam in hopes that their offspring would "home" to the same waters instead of batting their heads against the base of Coulee Dam. This was

(Continued on page 3)

*Presented at the twenty-fifth annual conference of the Izaak Walton League of America, Inc., Chicago, March 27 to 29, 1947.

[1] The statements made here are the writer's and not necessarily shared by the Oregon State Game Commission.

STATE UNFAIR-PRACTICE AND FAIR-TRADE ACTS*

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From the beginning of time, the cutting of prices has been a common method used by all marketing men to obtain sales and gain advantage over their competitors. The intense competition caused by the depression of the 1930s brought price cutting into prominence in all parts of the country, by large and small stores, by independents and by chains.

There are many people who believe in unrestricted competition. Others feel that uncontrolled prices lead to unfair practices. Among the latter are two business groups which feel that price cutting is one of the worst evils of an uncontrolled price economy. They believe it is injurious to the whole mercantile structure. In the first group are manufacturers of branded goods who wish to have their merchandise sold at what they consider to be a fair price. In the second group are merchants who have lost trade to their price-cutting competitors to such an extent that they feel they are seriously injured. The first group has sought relief through fair-trade acts; the second group has turned to unfair-practice acts to control the evil.

State fair-trade laws have been passed by forty-five states. These laws legalize contracts between the producer and the buyer whereby the buyer obligates himself to resell at a certain price, and provide that whoever knowingly and willfully offers to sell such commodities at less than the minimum stipulated price is guilty of unfair competition. In all states deviations from these prices are permitted in the case of the closing out of inventories, where the commodity is damaged or deteriorated, and where the commodity is sold by the court. These state laws were strengthened by the passage of the Miller-Tydings Act in 1937. This Federal act amended the Sherman Antitrust Act of 1890 to provide in effect that the price-maintenance agreements made in the states shall not be considered illegal in interstate commerce.

The administration of these laws has presented many problems. The people who have been most interested in their enforcement have been the manufacturers of the products concerned and the retailers who do not desire to engage in price cutting and wish some price protection. These groups have organized fair-trade committees on a local and on

(Continued on page 2)

* Address delivered at the Oregon Retail Distributors Institute, School of Business Administration, University of Oregon, Eugene, Ore., May 19, 1947.

STATE UNFAIR-PRACTICE AND FAIR-TRADE ACTS

(Continued from page 1)

a national scale. The purpose of these committees is to negotiate with the manufacturers to have items "fair traded," to see that retailers are notified of the price, and to enforce the act. The retailers who are interested in fair-trade items have frequently brought pressure upon manufacturers to urge them to "go fair trade."

The effect of the fair-trade laws is difficult to ascertain. The manufacturers and retailers desiring fair-trade items have been delighted with the results. Price cutters have objected to this restriction of their price-cutting methods of merchandising. Prices have been raised in some cases and lowered in others. They are higher than formerly in communities where price cutters used to sell an item at much less than the fair-trade price. They are lower in communities where there was no price cutting previously, because in most cases the fair-trade price is less than the former "normal price." Economists who believe in absolute free play of prices are inclined to believe that the legislation leads to a false sense of security on the part of the retailer and eventually may lead to inefficiency. Others argue that this is not true because such a small number of items are "fair traded." The public is able to buy plenty of similar items at cut prices; and the retailer can merchandise with cut prices, for plenty of uncontrolled items are available to him.

In addition to these controls on specific commodities under the fair-trade acts, unfair-practice laws have been passed to place a floor under the price of all merchandise, not certain commodities only. Thirty states have passed these acts. In general they forbid sale below invoice cost plus a designated percentage of markup. The law usually provides that no sale shall be made at less than cost plus the cost of doing business. It specifies that the cost of doing business shall include the labor, rent, interest, depreciation, maintenance, delivery cost, credit losses, taxes, insurance, and advertising. These laws are mandatory instead of being permissive. They apply to all goods. The laws do not freeze prices; any price may be charged above the floor established by the act. Unfair-practice acts are a decided move away from the original philosophy underlying antitrust legislation. However, the laws are in line with the expressions of the Federal Trade Commission which is promulgating fair competition.

Unfair-practice laws have been brought into existence because of price cutting of unbranded items. In the grocery field the prevalence of cut prices on flour, sugar, and milk, in particular, have caused merchcants who do not wish to sell these items at near cost price to urge the passage of such laws.

It is evident to any merchant that the first problem presented in enforcing an unfair-practice act is to determine the cost of doing business in his field. The cost varies greatly in the several lines of trade. Evidence is available to show that in the grocery field operating costs will vary from to 10 per cent to 20 per cent. Under such conditions no state is going to set a floor on prices which would be more than 10 per cent above cost.

When the unfair-practice acts were first passed, most states had no method of determining operating costs except to take each violation to the courts and ask the courts to determine the cost of doing business in the particular case. In many instances, after hearing the case, the judge commented that this type of problem was not the kind that should be handled by courts. They indicated that some specialized commission should be set up to establish base percentages for each field. Consequently, most states amended their acts and established trade commissions, where they did not have them, authorizing these commissions to set the "cost of doing business" percentage. The common method has been for the trade commission to advertise a hearing for the people in the trade. Testimony may be given by anyone concerned. The testimony has usually consisted of statements from merchants indicating their cost of operation. The trade commission hears the testimony and then sets a percentage which it declares to be the cost of doing business. In practice, these percentages are about half of the cost of operating a service store. A more precise method of procedure is for the trade commission to set percentages for each line of retailing, and in some cases to set percentages for commodities. For instance, one state has set 2 per cent for sugar sales by wholesale grocers, but 5 per cent for wholesale sales of all other grocery commodities.

The problem of enforcement is far greater under the unfair-practice acts than under the fair-trade laws. The fair-trade price is published and there can be no argument about what it is. Under the unfair-practice act there can always be argument about the cost of a commodity. Does the cost of a commodity mean the purchase price less discounts, less advertising allowances, less free goods? Does the cost mean the lowest price at which the merchant may have bought his goods? In the case of a chain store, does it mean the prices at which the goods were acquired by the supply depot which functions as a wholesale house, or does it mean the cost delivered to the store? These and hundreds of other questions take up the time of the trade commissions attempting to determine whether a violation has occurred. One must remember that thousands of items are being priced daily. Errors in pricing are frequently made. Some merchants are ignorant of the law; others forget about it. Many illegal prices are set. The problem of enforcement is a tremendous one.

In spite of the difficulties, some states have made good progress in enforcement. Some trade organi-

zation has usually undertaken a statewide educational campaign to let the merchants know about the law and to attempt to sell the merchants on the philosophy behind it. Usually there are some operators who cannot agree with the law and are determined to fight it as much as possible. Sometimes they make capital out of the accusation that a large number of merchants are attempting to overcharge the people by having the state guarantee the retailer a certain profit.

Practically no policing of the law is required, because any price which is set in violation of the law is a price which is advertised. Merchants in the community immediately become aware of the violation and report it to the trade commission, which can take action to stop the illegal practice.

Many of the legal battles in connection with the unfair-practice acts have been directed at upsetting the acts themselves. After the acts were passed by the various states, there were cases on constitutionality. In most states having such a law, a test case was taken to the courts. Then came a group of cases centering around the interpretation of the cost of doing business. Finally there were court cases attempting to set the law aside on such technical grounds as the claim that a uniform percentage is not fair for the entire state. In some states this argument has won favor with the courts, and the trade commission has been required to hold hearings by districts, setting "cost of doing business" percentages on a district basis.

During the war there was very little interest in the unfair-practice acts. Federal price control made the acts unimportant for the moment. As competition becomes more keen, there is no doubt that merchants will return to their former concern over what they consider to be unfair prices. Already we see the stirring of some trade associations to put their law on a workable basis. Here and there a price war has been started on some commodity—which means that merchants may soon become as interested in a floor under prices as they were during the depression of the 1930s.

Both the fair-trade acts and the unfair-practice acts are usually referred to as methods of protecting the small independent merchant. Usually he is the one who does not wish to engage in vicious price cutting. Large competitors are able to benefit much more from price cutting. Doubtless a desire to aid the small merchants has been the reason that many legislatures have been willing to pass unfair-practice acts. Anybody who has witnessed the ravages of a tough period of cutthroat competition, where there was no floor under prices, is inclined to agree that some protection of this kind is needed—as much as police protection is needed to stop street brawls. Usually the "cost of doing business" percentage is set low enough so that there can still be a great deal of price competition.

It is doubtful whether the interests who are opposed to the unfair-practice acts are strong enough politically to repeal them. It would appear that they are here to stay for some time.

DAMS THREATEN WEST COAST FISHERIES INDUSTRY

(Continued from page 1)

the first large-scale effort ever made to change the habits of a regularly migratory animal. The program cost something over $5 million of Uncle Sam's money. Today, some eight years after the program started, we do not know precisely the results obtained. It appears to be only partially successful; a few salmon are returning but the cost has been out of all proportion to the success.

Bonneville Dam has a different story. It was built before Grand Coulee; but it was a low affair of only some seventy feet in height, so that fish ladders could be installed and be expected to get the fish upstream. Fish ladders would not operate successfully in Grand Coulee.

Shasta Dam on the Sacramento River in California for the second time brought fishery biologists up against another major salvage program, involving heavy runs of salmon and steelhead. I was in charge of the Shasta salmon program from 1938 to 1945. Here the headaches were just as severe, the guesses just as wide, and the results as indeterminate as in the case of Grand Coulee. We were still learning. Everything that was learned from the work at Coulee was applied on the Shasta program and some of it helped very much. But there too, after spending over $1.5 million, the results to date are of doubtful value. As at Coulee, our efforts seem partially successful; there are a few salmon returning. But, with their main spawning grounds cut off, it is doubtful if they will survive in anything like their original numbers.

But even bleaker prospects now face the salmon runs of the Sacramento. With Shasta completed, the Army Engineer Corps has proposed to build another major flood-control dam on the Sacramento River some forty miles below Shasta Dam. The Bureau of Reclamation, which built Shasta Dam, has an alternate plan which involves a series of dams on the tributaries. These, if built, would leave the main Sacramento untouched as far as Shasta Dam, and would not completely nullify the effort and funds already expended to save the runs blocked by Shasta Dam.

The question is frequently asked, "Why can't fish hatcheries save the runs?" Unfortunately the engineers have been led to believe (and they still believe it) that hatcheries are the simple and easy solution. If a dam blocks a run, put in a hatchery; that's all there is to it. Unfortunately, the teachings of early-day fish culturists still form the basis of public thought on this problem. With salmon and steelhead, it is sadly in error. Even after seventy years of fish culture in this country, there is not one

single major, commercial-sized run of salmon or steelhead being maintained by hatcheries alone. All hatcheries can be expected to do is to supplement natural propagation; that is all they will ever do over the broad reaches of western waters. This gets us back to what nature can and will do for us if given half a chance.

If present plans of the dam builders go through, the rich anadromous fishery resources of the Columbia Basin are doomed. A total of some sixty-nine damsites are now under study in this basin alone. Among these is the McNary Dam, which has already been authorized by Congress for construction across the main Columbia above Bonneville near the mouth of the Umatilla River. If this is built, it will be the beginning of the end of steelhead and salmon runs in the upper Columbia River. Another main-river dam is proposed for construction below the McNary Dam at The Dalles near Celilo Falls. But the finishing touch will be the four-dam plan now being recommended by the Army Engineer Corps for construction on the Snake River to provide slack-water navigation to Lewiston, Idaho. All western fishery biologists with whom I have talked agree that this plan, if followed, will spell the doom of salmon and steelhead migrations up the Snake River as well as up its best tributary, the Salmon River in Idaho. As Ken Reid pointed out editorially in the January issue of *Outdoor America*, it is no consolation that government instead of private capital now exploits America's rivers.

Commercial and sport fishing for salmon and steelhead in the Columbia River brings in around $12 million a year to Oregon and Washington. If this were capitalized at 4 per cent, the investment would be worth some $300 million. Already the Columbia River has had some 75 per cent of its upper spawning grounds cut off by dams, and these encroachments plus the losses through irrigation and power developments have brought a serious decline in the numbers of fish available. The commercial salmon pack has, within recent years, been reduced to approximately half its thirty-year average. Doubtless overfishing is one contributing factor, but more important has been the indiscriminate construction of dams, pollution, and reduction of spawning grounds in the upper areas.

Power is the main argument of the dam builders on the Columbia River. It is contemplated that power will provide the bulk of revenue to pay for construction costs and, of course, play a major role in the development of adjacent land areas.

There is no doubt but that future population growth will warrant the generation of additional energy over present-day requirements. But before this is accomplished by the construction of additional new dams on the Columbia or its tributaries, why not completely develop the full potential power that can be had at dams already built and in operation? I am advised by competent authorities that over 2 million kilowatts additional could be obtained by: (1) installation of twelve additional 108,000-kilowatt generators at Grand Coulee Dam (it now has six and space was provided in the power house for eighteen), (2) installation of six more 20,000-kilowatt generators at the Rock Island Dam (on the Columbia River) of the Puget Sound Light and Power Co., (3) construction of Hungry Horse Reserve on the upper Columbia to increase Bonneville, Rock Island, and Grand Coulee power capacities by another 325,000 kilowatts, and (4) construction of the proposed Foster Creek Dam below Grand Coulee, where another 570,000 kilowatts could be obtained without any harm whatsoever to fishery resources. The Foster Creek Dam would not endanger fish runs to any major extent, since its site lies below Grand Coulee in an area where the runs have already been transferred to tributaries. Since competent persons studying the problems have recognized that additional power can be produced for some years without further hindrance to the runs, as outlined above, certainly it is not unreasonable to look toward a compromise that might delay at least for a period the eventual extinction of the fish runs in the Columia Basin.[2]

Last fall I had the pleasure of boating down some forty miles of the Rogue River in southern Oregon. This stream, famous for its steelhead runs, produced for me the best angling I ever hope to have. For once in my life, I hit the jackpot. On one memorable morning, every single cast of a fly raised fish —four- and five-pound steelhead. But what of the future? In the Rogue River basin alone today some fifty-five possible damsites are under study by the Bureau of Reclamation and the Army Engineer Corps. The empire builders of both agencies are eagerly cruising the area, seeking ways and means of ruining the best remaining steelhead stream in North America. There are five power dams proposed on the lower main river below Grants Pass, any one of which if built would destroy the runs of migratory fish, since it would be neither economically sound or biologically feasible to attempt to maintain them. Six power damsites are under study on the main river above Grants Pass, any one of which would destroy the runs of fish passing to the spawning grounds above Grants Pass. The Rogue River is the most important fishing stream for salmon and steelhead trout in the state of Oregon, if not on the entire Pacific Coast. Income from this resource has been carefully estimated to be over $1,685,000 a year to the state. In order to give you an idea of the size of the runs in the Rogue—we have counted fish passing up the Gold Ray Dam

[2] For a more detailed discussion of the fishery-protection problems in relation to dams proposed for the Columbia River, readers are referred to, *Wealth of the River*, published by the Columbia Basin Fisheries Development Association, P.O. Box 150, Astoria, Ore. This publication can be obtained free of charge.

fish ladder above Grants Pass since 1942. In that year some 72,000 chinook salmon, steelhead trout, and silver salmon were counted upstream. Any dam on the main stem of the Rogue would create a fish-salvage problem of immense proportions. Facilities would have to be provided for holding and spawning 72,000 adult fish, and ponds for handling a total of some 82 million eggs these fish would produce. This would cost no less than $4 million, with annual operating costs of from $200,000 to $300,000. And even the expenditure of such huge amounts would probably be futile because of the large numbers of fish concerned, lack of suitable streams for transfer of runs, and lack of suitable water supplies for hatcheries and holding ponds.

One of the finest trout and salmon streams in the West is the Deschutes River which flows into the Columbia from Oregon near The Dalles. The engineers have selected a series of tentative damsites on this stream below Bend, Oregon to furnish supplemental irrigation water and power. Any one of these would ruin for all time one of the best fishing streams in the nation. Its recreational and economic values parallel those of the Owens River and Pit River in California, the Beaverkill and Ausable in New York, the Green and Gunnisen rivers in Colorado, and the Rogue in Oregon.

Another famous angling stream, the McKenzie River in Oregon, tributary to the Willamette and Columbia, should be mentioned. The engineers tentatively selected two major damsites, either one of which would break the "backbone" of the main stream and eliminate the boat fishing water for which this stream is justly famous. However, the sportsmen of Oregon have risen up in indignation and objected strenuously. A survey by the U. S. Engineer Corps indicated that angling and general recreation on this stream alone bring in over $500,000 annually to the state; so they backed up and have now proposed an alternative plan of tributary storage dams that leave the main stream untouched. Mert Folts, an ardent Izaak Waltonite, led this fight and deserves much credit for his share in the struggle to save the McKenzie River.

As Ken Reid has pointed out, there are good dams and there are bad ones, and what we need is a full and fair evaluation of all resources that will be affected by each. Public Law 732, passed by the 79th Congress, was a big step in the right direction. This law requires that full information on all values involved in dam building be obtained and presented to Congress in advance of authorization. Up to now, the dam builders have gone ahead without regard for wildlife values; Public Law 732 now requires that careful biological surveys be conducted along with the engineering studies. The Fish and Wildlife Service has gone rapidly ahead with its studies of various river developments on wildlife; from now on we expect that full consideration will be given to other values than merely power, irrigation, flood control, or navigation.

Cost-benefit ratios of each dam usually form the basis of recommendations to Congress by the engineers. These are built up by the constructing agency, the agency that wants to build the dams. It has, of course, an axe to grind, a staff to keep busy. Some of the cost-benefit ratios presented for public consumption are outrageous travesties on human intelligence. As a case in point, the ratio of benefits to costs in the initial $60 million Willamette Valley project in Oregon, as given by the Army Engineer Corps, was 1.025 to 1. The estimated benefits very slightly exceed the estimated costs. When their estimates were made up a number of years ago, they figured on construction costs as they were at that time. The Board of Engineers for Rivers and Harbors, which must by law review such reports, offered the suggestion that it would be advisable to increase the estimated costs of the proposed reservoirs by some $5 million. This increase, in terms of interest and amortization, would correspondingly reduce the cost-benefit ratios to 0.95 to 1.0, which would make the project unfeasible economically.

It is ironic that included in many of the engineers' estimated benefits are those accruing from improved fishing and recreation that would purportedly result from their impoundments. Any informed biologist will tell you that flood-control reservoirs make poor homes for fish. The fluctuating forebay levels periodically dessicate out all fish foods dwelling in the richer shallow-water areas, with the result that many soon become biological deserts barren of foods and fish alike. Some reservoirs that are maintained at fairly stable levels have produced excellent angling, but these are few and far between.

It is equally ironic that many of the engineers' tables of estimated costs do not include the loss from natural resources such as runs of salmon and steelhead. Usually their costs include moneys for fish facilities such as ladders, hatcheries, or other items based on the usual erroneous assumption that these will solve the fish problem. In the Willamette Valley project, for instance, the latest figure I have for total costs is some $60 million, of which one item labelled "fish facilities" carries the sum of $1 million, along with an estimated $95,000 for annual operating costs. If the completion of this project wipes out the Willamette salmon and steelhead runs as it may very well do, then among costs the sum of at least $1 million should be charged off as the value of the Willamette fishery to the state of Oregon.

A perfect example of the impossible types of "recreational" benefits accredited to streams is found in plans proposed for improvements to the Tualatin River in Oregon. This is a small tributary of the Willamette. The Army Engineer Corps proposes spending the neat sum of over $10 million for flood and erosion control, bank improvements, drainage, and irrigation. The lower twenty-six miles of this

stream is to be "improved" by putting in a concrete-sided ditch of even gradient, with all brush and cover removed for a distance of fifty feet on each side. All oxbows are to be eliminated and over sixteen miles of the natural stream bed removed. Recreational benefits are supposed to accrue to the tune of over $40,000 per year from boating, fishing, swimming, etc. The plan, in essence, would make a drainage ditch out of the Tualatin River and would completely ruin a crayfish fishery, runs of cutthroat trout and silver salmon, and fishing for resident rainbow in the "improved" sections—to the tune of over $60,000 a year in losses. Yet the engineers attempt to prove an annual benefit of over $40,000 over present conditions in the Tualatin. How would you like to have your favorite fishing hole obliterated by a concrete-sided ditch?

I am just a poor befuddled taxpayer, and there are some things that I have trouble understanding. We are told by the Bureau of Reclamation that it hopes to create some 45,000 family-sized irrigated farms on about 4 million acres of lands within the next five years under the Missouri Basin plan. This is a fine idea, no doubt; but back in 1932 and 1933 I recall that farmers in California, where I lived, had so overproduced that green peas were selling for 1½ cents a pound. Things are fine now for farmers and will continue so long as we feed three-quarters of the world. But the war-torn countries are mending, and in time the American farmer is going to have to seek other outlets. If we overproduced on the agricultural lands available in 1932, how is it going to be possible to sell the produce raised on an infinitely greater acreage that will far more than care for the population increases since then? The farmsteads of today are not "subsistence" units producing their own raw products. The history of American agriculture is one of overproduction. Even today the farmers are receiving millions of dollars in "parity payments" to take up the slack between costs and profits.

What we need is an unbiased analysis, by experts, of all cost-benefit ratios prepared by the construction agencies in the various fields concerned, including engineering, fisheries, power, wildlife, irrigation, flood control, and agriculture. You and I can not judge the validity of the figures presented, and as taxpayers we haven't the time; we're too busy working to pay the taxes that build the dams. While this plan might mean setting up another government board or series of boards to review the engineer's recommendations in light of all values and facts available, as a taxpayer I personally want expert, unbiased analyses of the mammoth river-basin projects being proposed. The acceptance without question of the engineering proposals of the agencies that will construct the dams is a little like accepting without question the advice of the first salesman we meet when we want to buy a new car. Maybe we ought to shop around a little.

Another point to consider on the dam question is this: We have seen the "eager beavers" bent on changing the face of America, regardless of the true economic or aesthetic values concerned; frankly, the outlook for finding an unspoiled stream over fifty feet wide after another fifty years will be pretty slim. In an earlier era we watched a series of wild-eyed schemes that drained most of our lower marshes and spoiled hundreds of thousands of acres of waterfowl resting and feeding areas. Later, thousands of more dollars were spent to reflood some of those that were mistakenly drained to bring them back as refuges. Other areas have been set aside for various species of wildlife from time to time. If refuges can be created for birds and mammals, why not for fish? Possibly the term "refuge" is the wrong word to use here; but the idea of selecting and setting aside certain entire streams or portions of streams (including lakes), under law, to be maintained in a natural state without dams in any way, shape, or manner, for all time, might go a long way toward saving at least a portion of the rich heritage left us in such self-renewing natural resources as steelhead and salmon. Such streams as the Rogue and Umpqua rivers in Oregon, the Salmon in Idaho, Deer and Battle creeks on the upper Sacramento in California, and many others could more than "pay their way" if set aside as fish refuges.

In the February 22, 1947 issue of the *Saturday Evening Post*, an article by Edward Churchill, "Shall We Spend Two Billion More on the Colorado," points out that Boulder Dam has not harnessed the Colorado, but instead has greatly increased the complexity of the water-supply problem in southwestern United States. Mr. Churchill points out that silt is entering Lake Mead above Boulder Dam at the rate of 14,000 carloads per day. He also points out that the deposition of silt in downstream areas below Boulder Dam has created immense problems in its removal. It seems to the writer that the basic philosophy underlying the construction of high dams is entirely wrong and contrary to nature's method of operating. The Colorado happens to carry a heavy load of silt; other streams such as the Willamette, Rogue, and Umpqua are much less afflicted this way, but all, during flood time, carry heavy amounts of debris. It is only a question of time before the dams will become filled with silt, flood-control storage will be lost, and the original purpose for which the dams were built defeated. Frequent annual floods are nature's method of renewing soils in river valleys. The fine hop lands along the Willamette river and other western streams were made by floods, and hop growers there will tell you that they welcome the annual flooding of their lands for the fertilizing values they get from them.

It is likely that future years will prove that proper land management with proper ground cover, plus (possibly) low dams but not high ones, will furnish us a better, more-economical, and more-permanent type of economy, better suited to our needs and in line with nature's own methods.

TERM LENDING TO BUSINESS BY COMMERCIAL BANKS

One of the most significant developments in banking during recent years has been the expanding use of the term loan to finance the medium- and longer-term credit and capital needs of business. A term loan covers loans to business with a maturity at time of making of more than one year. Under this criterion, all business loans at banks having an original maturity in excess of twelve months are regarded as term loans, whether or not they are secured or unsecured and irrespective of the borrower's purpose in obtaining the loan.

The most-common feature of term loans is a plan for serial or installment repayments under a predetermined schedule. The larger term loan is frequently unsecured and is made under an agreement which sets forth the arrangements and understandings between the borrower and lender at the time of the loan. The term-loan agreement is based in part upon a careful analysis of the borrower's operations and financial position, including an estimate of his probable earnings and the prospects of the industry in which he is engaged. The purpose of the analysis and of the agreement accompanying the loan is, of course, to set conditions of the financing acceptable to both borrower and lender and to minimize the credit risk of the lender. The smaller term loan is often arranged to finance expenditures on equipment or facilities that in turn are pledged as collateral for the loan; but the loan so secured may also be for working-capital purposes While the practice is not yet widespread, many smaller term loans are likewise arranged under special loan agreements. Term-loan arrangements differ considerably as between borrowers because the loan plan is adapted to financing the diversified needs of borrowers.

During 1946 the term loans of Federal Reserve member banks were an important factor in business credit supply. Close to the end of the year banks held an estimated 144,000 term loans amounting to $4.6 billion. Thus loans with an original maturity of more than one year accounted for one-fifth of the number and one-third of the dollar amount of all bank loans outstanding to business concerns. This volume of outstanding term credit to business concerns, as estimated from the results of the nation-wide sample survey of commercial-bank business loans outstanding on November 20, 1946, was probably at least double the prewar volume of term loans.

Term loans made during the twelve months prior to the date of the survey accounted for three-fourths of the number and two-thirds of the volume of all term loans outstanding on November 20, 1946. This was a period when total business loans increased sharply, accompanying a rapid expansion in business assets, particularly of such current assets as receivables and inventories. The expansion of bank loans over these months was largely the result of the short-term credit needs of business. Since the number and amount of term-loan disbursements increased considerably, it is evident that the medium-term credit needs of business were likewise substantial during this period. Between May and October 1946, member banks disbursed an average of $300 million per month on term loans, or at a rate of $3.6 billion annually. It is possible that price disturbances and weaknesses in the securities markets in the last half of 1946 brought to banks some business credit demands that, under more-favorable securities market conditions, would have been satisfied through investment-banking channels. A concurrent increase in private placements of corporate notes and bond issues with insurance companies was reported.

Of the $4.6 billion of member-bank term loans outstanding near the end of 1946, final payments on approximately one-half will be due by the end of 1951. The loans thus maturing include four-fifths of the total number of term loans outstanding. Within this five-year period installment repayments will also have been made in substantial volume on term loans having a last installment due after 1951. No more than 2 per cent of the number of loans outstanding at the date of the survey will mature in more than ten years. The number and amount of term loans past due and unpaid as of November 20, 1946 were negligible.

Manufacturing and mining concerns accounted for over one-half the amount but no more than one-seventh of the number of term loans outstanding near the end of 1946. The industrial groups, including producers of metal products and manufacturers of petroleum, chemical, and rubber products, were important term borrowers. Retail-trade borrowers, although indebted for almost three-fifths of the number of term loans outstanding, owed only one-tenth of the total amount. Term loans were an important source of funds for public utilities and transportation companies (including the airlines).

Relatively new businesses, those organized since 1942, accounted for a significant proportion of the number of term loans. Over one-half the term credit made available by banks to the smallest business establishments was to relatively new concerns.

The term loan is a well-established and accepted type of credit for small as well as large businesses. Business enterprises with less than $250,000 of assets had outstanding an estimated 133,000 term loans, or 90 per cent of the total number of member-bank term loans to business. Large business establishments, particularly those having assets of $5 million or more each, accounted for the major part of the dollar amount of term borrowing.

The largest business concerns obtained a greater proportion of their bank funds on a term basis (over one year) than did smaller business establishments. Approximately one-half of the total bank borrowings of concerns with assets of $5 million or more were term loans. For smaller businesses, with the exception of the very small establishments with assets of less than $50,000, the corresponding proportion was no more than one-fifth. It is noteworthy that the very small concerns obtained one-third of their bank borrowings on a term basis.

The spread of term-loan usage to small business establishments in recent years has had its counterpart in the extent to which smaller banks make loans on a term basis. In the very smallest size-of-bank classification (deposits under $2 million each) as many as one-half of all banks had outstanding term loans. Almost three-fourths of all member banks had term loans outstanding to business. *Federal Reserve Bulletin*, May 1947.

CURRENT BUSINESS TRENDS IN OREGON

BANK DEBITS

Bank debits represent the dollar value of the checks drawn against individual bank deposits. Approximately 90 per cent of all goods, property, and services is paid for by check. Bank debits are regarded as indicators of the general trend of business, though their value for this purpose may be impaired by substantial changes in the general level of prices. The Bureau of Business Research collects bank debits from 92 banks and branches monthly. On occasion, the totals for the same month in different issues of the *Review* are not directly comparable because of necessary adjustments in basic data.

Marketing Districts	*Number of Banks Reporting*	*Debits Apr. 1947*	*Debits Mar. 1947*	*Debits Apr. 1946*	*Apr. 1947 compared with Mar. 1947*	*Apr. 1947 compared with Apr. 1946*
Oregon	85	$754,898,966	$804,459,933	$679,011,788	− 6.2%	+11.2
Portland (Portland, Hillsboro, Oregon City, etc.)	26	537,361,520	543,874,084	461,532,805	− 1.2	+16.4
Lower Willamette Valley (Salem, McMinnville, etc.)	8	66,729,630	61,266,950	65,292,735	+ 8.9	+ 2.2
Upper Willamette Valley (Albany, Corvallis, Eugene, etc.)	8	36,467,043	37,101,978	24,873,156	− 1.7	+46.6
North Oregon Coast (Astoria, Tillamook, etc.)	5	18,366,263	18,654,593	14,738,389	− 1.6	+24.6
Douglas, Coos Bay	5	22,325,864	21,348,269	15,961,187	+ 4.6	+39.8
Southern Oregon (Ashland, Medford, Grants Pass)	5	34,516,953	34,008,064	25,900,836	+ 1.5	+33.3
Upper Columbia River (The Dalles, Hood River, etc.)	6	13,585,279	14,734,391	11,922,873	− 7.8	+13.9
Pendleton area	6	16,422,098	17,390,103	13,020,111	− 5.6	+26.1
Central Oregon (Bend, Prineville, Redmond)	3	9,666,040	9,790,446	7,446,339	− 1.3	+29.8
Klamath Falls, Lakeview area	4	22,549,590	23,424,674	20,070,501	− 3.7	+12.3
Baker, La Grande area	6	14,670,185	15,176,029	11,586,975	− 3.3	+26.6
Burns, Ontario, Nyssa	3	6,890,229	7,690,352	6,665,861	−10.4	+ 3.4

RETAIL SALES

The sales of a state-wide sample of 442 independent retail stores, collected by the Bureau of the Census, give an indication of trading activity and retail distribution. These figures are often interpreted as indicating purchasing power.

BY MARKETING DISTRICT

	Apr. 1947 compared with Mar. 1947	*Apr. 1947 compared with Apr. 1946*
Oregon	− 1.0%	+20.3%
Portland	− 0.6	+16.4
Lower Willamette Valley	+ 0.5	+21.6
Upper Willamette Valley	− 4.2	+14.8
North Oregon Coast	+ 0.1	+22.7
Douglas, Coos Bay	−11.9	− 0.9
Southern Oregon	+ 4.3	+29.2
Upper Columbia River	+ 0.1	+44.5
Pendleton	+ 0.5	+13.0
Central Oregon	+ 6.2	+24.3
Klamath Falls, Lakeview	− 2.1	+27.9
Baker, La Grande	−10.4	+34.7
Burns, Ontario	+17.5	+58.9

BY TYPE OF OUTLET

	Apr. 1947 compared with Mar. 1947	*Apr. 1947 compared with Apr. 1946*
Oregon	− 1.0%	+20.3%
Department stores	− 0.9	+ 6.8
Food stores	− 0.1	+10.5
Eating and drinking establishments	− 2.2	+ 6.4
Drug stores	− 1.2	+ 5.7
Apparel stores	− 4.2	− 4.5
Motor-vehicle dealers	+ 0.9	+71.7
Furniture, household, radio	− 6.2	+29.7
Lumber, building, hardware	− 1.6	+26.5

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken, in interpreting these data, to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential Apr. 1947	*New Nonresidential Apr. 1947*	*Additions, Alterations & Repairs Apr. 1947*	*Totals Apr. 1947*	*Totals Mar. 1947*	*Totals Apr. 1946*
Albany	$ 50,200	$ 7,400	$ 17,400	$ 75,000	$ 83,450	$ 80,600
Astoria	30,700	5,700	11,115	47,515	58,640	49,835
Bend	43,100	8,200	10,475	61,775	98,600	153,085
Coos Bay	20,500	13,300	5,100	38,900	23,500	41,700
Corvallis	52,000	27,700	5,500	85,200	147,330	130,790
Eugene	155,400	11,650	101,635	268,685	366,557	366,169
La Grande	25,550	825	22,230	48,606	26,200	216,955
Medford	58,800	20,450	15,063	94,313	217,827	303,776
Oregon City	26,000	5,200	7,400	38,600	43,500	43,000
Pendleton	43,000	765	54,950	98,715	32,290	218,227
Portland	1,124,000	534,750	624,500	2,283,250	3,813,785	4,470,174
Salem	122,150	62,084	30,594	214,828	832,773	287,798
The Dalles	14,600	25,000	6,830	46,430	72,020	21,955
18 other communities	239,750	173,290	65,305	478,345	689,320	1,118,448
Total	$2,005,750	$ 896,314	$ 978,097	$3,880,161	$6,505,792	$7,502,512

OREGON MANUFACTURING EMPLOYMENT

(Source: San Francisco Regional Office, Bureau of Labor Statistics)

Industry	*Mar. 1947*	*Feb. 1947*	*Mar. 1946*
All manufacturing, total	114,400	115,200	106,900
Lumber & timber basic products	59,800	59,900	47,500
Furniture & finished lumber products	6,200	6,200	6,100
Iron, steel & their products	5,100	5,000	4,100
Transportation equipment	3,900	4,500	12,100
Machinery, except electrical	3,200	3,100	2,900
All other durable goods	4,300	4,300	2,800
Total, durable goods	82,500	83,000	75,500
Food & kindred products	13,000	13,500	14,100
Textile-mill products	4,000	4,100	3,600
Apparel & other finished fabrics	2,900	2,900	2,500
Paper & allied products	4,600	4,600	4,500
Printing & publishing	4,200	4,200	4,100
All other nondurable goods	3,200	2,900	2,600
Total, nondurable goods	31,900	32,200	31,400

EXPORTS FROM PACIFIC COAST PORTS

(Source: Portland District Office, Department of Commerce)

MARCH 1947

Customs District	*Dollar Value*	*Shipping Weight (millions of lbs.)*
San Diego	$ 2,600,000	40.6
Los Angeles	24,900,000	740.4
San Francisco	38,200,000	479.2
Oregon	19,200,000	584.8
Washington	21,800,000	366.6

CUMULATIVE TOTAL, FIRST QUARTER 1947

San Diego	$ 7,300,000	121.6
Los Angeles	67,000,000	1863.1
San Francisco	118,200,000	1561.3
Oregon	47,700,000	1168.0
Washington	57,200,000	885.6